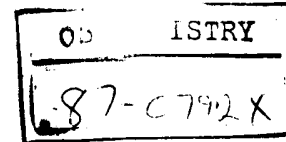


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II

100TH CONGRESS
1ST SESSION

S. 1018



To amend the Internal Revenue Code of 1986 to provide that a taxpayer conscientiously opposed to participation in war may elect to have such taxpayer's income, estate, or gift tax payments spent for nonmilitary purposes; to create the United States Peace Tax Fund to receive such tax payments; to establish a United States Peace Tax Fund Board of Trustees; and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 10 (legislative day, MARCH 30), 1987

Mr. HATFIELD (for himself, Mr. WEICKER and Mr. HARKIN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide that a taxpayer conscientiously opposed to participation in war may elect to have such taxpayer's income, estate, or gift tax payments spent for nonmilitary purposes; to create the United States Peace Tax Fund to receive such tax payments; to establish a United States Peace Tax Fund Board of Trustees; and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "United States Peace Tax
- 4 Fund Act".

1 SEC. 2. FINDINGS AND POLICY.

2 (a) FINDINGS.—The Congress finds that for a significant
3 minority of Americans, sincere conscientious objection to par-
4 ticipation in war in any form means that such Americans
5 cannot in conscience pay the portion of their taxes that would
6 support military expenditures.

7 (b) POLICY.—It is the policy of the Congress—

8 (1) to allow conscientious objectors to pay their
9 full tax liability without violating their moral, ethical,
10 or religious beliefs;

11 (2) to reduce the present administrative and judi-
12 cial burden created by conscientious objectors who vio-
13 late tax laws rather than violate their consciences;

14 (3) to recognize conscientious objector status with
15 regard to the payment of taxes for military purposes;
16 and

17 (4) to provide a mechanism for congressional ap-
18 propriations of such funds for nonmilitary purposes.

19 SEC. 3. UNITED STATES PEACE TAX FUND.

20 (a) CREATION OF TRUST FUND.—There is hereby es-
21 tablished within the Treasury of the United States a special
22 trust fund to be known as the “United States Peace Tax
23 Fund” (hereinafter referred to as the “Fund”). The Fund
24 shall consist of such amounts as may be transferred to the
25 Fund as provided in this section.

1 (b) TRANSFER TO FUND OF AMOUNTS EQUIVALENT
2 TO CERTAIN TAXES.—

3 (1) IN GENERAL.—There are hereby transferred
4 to the Fund amounts equivalent to the sum of the
5 amounts designated during the fiscal year by individ-
6 uals under sections 2211, 2506, and 6099 of the Inter-
7 nal Revenue Code of 1986 for payment into the Fund.
8 Such amounts shall be deposited into the Fund and
9 shall be available only for the purposes provided in this
10 Act.

11 (2) METHOD OF TRANSFER.—The amounts trans-
12 ferred by paragraph (1) shall be transferred at least
13 monthly from the general fund of the Treasury to the
14 Fund on the basis of estimates by the Secretary of the
15 Treasury of the amounts, referred to in paragraph (1),
16 received in the Treasury. Proper adjustments shall be
17 made in the amounts subsequently transferred to the
18 extent that prior estimates were in excess of or less
19 than the amounts required to be transferred.

20 (3) REPORT.—It shall be the duty of the Secre-
21 tary of the Treasury to report to the Congress each
22 year on the total amount transferred into the Fund
23 during the preceding fiscal year. Such report shall be
24 printed in the Congressional Record upon receipt by
25 the Congress.

1 SEC. 4. INCOME TAX PAYMENTS TO UNITED STATES PEACE
2 TAX FUND.

3 (a) IN GENERAL.—Subchapter A of chapter 61 of the
4 Internal Revenue Code of 1986 (relating to information and
5 records) is amended by adding at the end thereof the follow-
6 ing new part:

7 “PART IX—DESIGNATION OF INCOME TAX PAY-
8 MENTS FOR TRANSFER TO UNITED STATES
9 PEACE TAX FUND

“Sec. 6099. Designation by individuals.

10 “SEC. 6099. DESIGNATION BY INDIVIDUALS.

11 “(a) IN GENERAL.—Every eligible individual (other
12 than a nonresident alien) whose income tax liability for any
13 taxable year is \$1 or more may designate that such individ-
14 ual’s income tax payment for such year shall be paid into the
15 United States Peace Tax Fund established by section 3 of the
16 United States Peace Tax Fund Act.

17 “(b) DEFINITIONS.—As used in this section—

18 “(1) ELIGIBLE INDIVIDUAL.—

19 “(A) IN GENERAL.—The term ‘eligible indi-
20 vidual’ means an individual who by reason of reli-
21 gious training and belief is conscientiously op-
22 posed to participation in war in any form, and
23 who—

24 “(i) has been exempted or discharged
25 from combatant service and training in the

1 Armed Forces of the United States as a con-
2 scientious objector under section 6(j) of the
3 Military Selective Service Act (50 U.S.C.
4 App. 456(j)), or prior corresponding law, or

5 “(ii) certifies in a statement in a ques-
6 tionnaire return made under section 6039F
7 that such individual is conscientiously op-
8 posed to participation in war in any form
9 within the meaning of section 6(j) of such
10 Act.

11 “(B) VERIFICATION.—

12 “(i) QUESTIONNAIRE RETURN RE-
13 CEIPT.—Any taxpayer who makes a desig-
14 nation under subsection (a) shall attach the
15 questionnaire return receipt provided under
16 section 6039F(b) to such taxpayer’s return of
17 tax.

18 “(ii) The Secretary may require any
19 taxpayer who makes a designation under
20 subsection (a) to provide such additional in-
21 formation as may be necessary to verify such
22 taxpayer’s status as an eligible individual.

23 “(C) DENIAL OF DESIGNATION.—If the Sec-
24 retary determines that a taxpayer who makes the
25 designation provided for by subsection (a) is not

1 an eligible individual and is not entitled to make
2 such designation, then the Secretary, upon written
3 notice to the taxpayer stating the reasons for
4 denial, may deny the designation. The taxpayer
5 may challenge the Secretary's ruling by bringing
6 an action in the United States Tax Court or in
7 the United States district court for the district of
8 such taxpayer's residence, for a declaratory judg-
9 ment as to whether the taxpayer is an eligible in-
10 dividual and entitled to make such a designation.

11 "(2) INCOME TAX LIABILITY.—The term 'income
12 tax liability' means the amount of the tax imposed by
13 chapter 1 on a taxpayer for any taxable year (as shown
14 on such taxpayer's tax return) reduced by the sum of
15 the credits (as shown in such return) allowable under
16 part IV of subchapter A of chapter 1, other than the
17 credit allowed by section 31.

18 "(3) INCOME TAX PAYMENT.—The term 'income
19 tax payment' means the amount of taxes imposed by
20 chapter 1 and paid by or withheld from a taxpayer for
21 any taxable year not in excess of such taxpayer's
22 income tax liability.

23 "(c) MANNER AND TIME OF DESIGNATION.—A desig-
24 nation under subsection (a) may be made with respect to any
25 taxable year,

1 “(1) at the time of filing the return of the tax im-
2 posed by chapter 1 for such taxable year, and

3 “(2) at any other time (after the time of filing the
4 return of the tax imposed by chapter 1 for such taxable
5 year) specified in regulations prescribed by the Sec-
6 retary.

7 Such designation shall be made in such manner as the Secre-
8 tary prescribes by regulations except that, if such designation
9 is made at the time of filing the return of the tax imposed by
10 chapter 1 for such taxable year, such designation shall be
11 made on the page bearing the taxpayer's signature.

12 “(d) SPECIAL RULE IN THE CASE OF JOINT
13 RETURN.—In the case of an eligible individual filing a joint
14 return, upon the consent of such individual's spouse, the joint
15 income tax payment may be designated pursuant to subsec-
16 tion (a).

17 “(e) EXPLANATION OF UNITED STATES PEACE TAX
18 FUND PURPOSES.—Each publication of general instructions
19 accompanying an income tax return or a questionnaire return
20 described in section 6039F shall include—

21 “(1) an explanation of the purpose of the United
22 States Peace Tax Fund,

23 “(2) the criteria for determining whether an indi-
24 vidual meets the requirements of section 6(j) of the

1 Military Selective Service Act (50 U.S.C. App. 456(j)),

2 and

3 “(3) an explanation of the process for making the
4 designation provided by this section.”.

5 (b) CLERICAL AMENDMENTS.—The table of parts of
6 subchapter A of chapter 61 of the Internal Revenue Code of
7 1986 is amended by adding at the end thereof the following:

“Part IX. Designation of income tax payments for transfer to United
States Peace Tax Fund.”.

8 (c) DESIGNATION INFORMATION.—

9 (1) Subpart A of part III of subchapter A of
10 chapter 61 of the Internal Revenue Code of 1986 (re-
11 lating to information and returns) is amended by adding
12 at the end thereof the following new section:

13 “SEC. 6039F. UNITED STATES PEACE TAX FUND DESIGNATION
14 INFORMATION.

15 “(a) QUESTIONNAIRE RETURN.—Every taxpayer who
16 makes a designation provided by section 6099(a) for any tax-
17 able year shall make a questionnaire return during such year
18 for the purpose of determining whether the taxpayer is an
19 eligible individual (within the meaning of section 6099(b)(1)).
20 The questionnaire return shall request the taxpayer to certify
21 such taxpayer’s beliefs about participation in war, the source
22 or genesis of such beliefs, and how the beliefs affect the tax-
23 payer’s life.

1 “(b) QUESTIONNAIRE RETURN RECEIPT.—Upon re-
2 ceipt of the questionnaire return, the Secretary shall issue a
3 receipt to the taxpayer indicating timely filing of such
4 return.”.

5 (2) The table of sections for such subpart is
6 amended by adding at the end thereof the following
7 new item:

“Sec. 6039F. United States Peace Tax Fund designation informa-
tion.”.

8 (d) EFFECTIVE DATE.—The amendments made by this
9 section shall apply with respect to—

10 (1) taxable years beginning after December 31,
11 1987, and

12 (2) any taxable year ending before January 1,
13 1988, for which the time for filing a claim for refund
14 or credit of an overpayment of tax has not expired on
15 the date of the enactment of this Act.

16 (e) RULES APPLICABLE TO RETURNS OF TAX FOR
17 TAXABLE YEARS ENDING BEFORE JANUARY 1, 1988.—

18 (1) PENALTIES FOR FAILURE TO PAY TAX.—
19 Any civil or criminal penalty imposed on an individual
20 for failing or refusing to pay all or a part of the tax
21 imposed by chapter 1 of the Internal Revenue Code of
22 1986 shall be vacated and set aside if the person upon
23 whom the penalty was imposed—

24 (A) pays the tax due (with interest), and

1 (B) establishes to the satisfaction of the Sec-
2 retary of the Treasury that the failure or refusal
3 to pay was based upon such person's conscien-
4 tious objection to participation in war in any form
5 within the meaning of section 6099(b)(1)(A) of
6 such Code (defining eligible individual).

7 (2) DISPOSITION OF AMOUNTS COLLECTED.—

8 There are hereby transferred to the Fund amounts
9 equivalent to the sum of the amounts paid into the
10 Treasury by persons under the provisions of paragraph
11 (1). Such amounts shall be deposited into the Fund and
12 shall be available only for the purposes provided in this
13 Act.

14 SEC. 5. ESTATE TAX PAYMENTS TO UNITED STATES PEACE
15 TAX FUND.

16 (a) IN GENERAL.—Subchapter C of chapter 11 of the
17 Internal Revenue Code of 1986 is amended by adding at the
18 end thereof the following new section:

19 "SEC. 2211. DESIGNATION OF ESTATE TAX PAYMENTS FOR
20 TRANSFER TO UNITED STATES PEACE TAX
21 FUND.

22 "An eligible individual (within the meaning of section
23 6099(b)(1)) may elect that the tax imposed by section 2001
24 on the taxable estate of such individual shall be transferred
25 when paid to the United States Peace Tax Fund established

1 under section 3 of the United States Peace Tax Fund Act.
2 The election may be made by the executor or administrator
3 of the estate under written authority of the decedent. Such
4 election shall be made in such manner as the Secretary shall
5 by regulations prescribe.”.

6 (b) CLERICAL AMENDMENT.—The table of sections for
7 subchapter C of chapter 11 of the Internal Revenue Code of
8 1986 is amended by adding at the end thereof the following:

“Sec. 2211. Designation of estate tax payments for transfer to
United States Peace Tax Fund.”.

9 (c) EFFECTIVE DATE.—The amendments made by this
10 section shall apply with respect to the estates of decedents
11 dying after December 31, 1987.

12 **SEC. 6. GIFT TAX PAYMENTS TO UNITED STATES PEACE TAX**
13 **FUND.**

14 (a) IN GENERAL.—Subchapter A of chapter 12 of the
15 Internal Revenue Code of 1986 is amended by adding at the
16 end thereof the following new section:

17 **“SEC. 2506. DESIGNATION OF GIFT TAX PAYMENTS FOR**
18 **TRANSFER TO UNITED STATES PEACE TAX**
19 **FUND.**

20 “An eligible individual (within the meaning of section
21 6099(b)(1)) may elect that the tax imposed by section 2501
22 shall be transferred when paid to the United States Peace
23 Tax Fund established under section 3 of the United States

1 Peace Tax Fund Act. The election shall be made in such
2 manner as the Secretary shall by regulations prescribe.”.

3 (b) CLERICAL AMENDMENT.—The table of contents for
4 subchapter A of chapter 12 of the Internal Revenue Code of
5 1986 is amended by adding at the end thereof the following:

“Sec. 2506. Designation of gift tax payments for transfer to United
States Peace Tax Fund.”.

6 (c) EFFECTIVE DATE.—The amendments made by this
7 section shall apply with respect to gifts made after Decem-
8 ber 31, 1987.

9 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

10 (a) CERTIFICATION BY COMPTROLLER GENERAL.—As
11 soon after the close of each fiscal year as may be practicable,
12 the Comptroller General shall determine and certify to the
13 Congress and to the President the percentage of actual ap-
14 propriations made for a military purpose with respect to such
15 fiscal year. The certification shall be published in the Con-
16 gressional Record upon receipt by the Congress.

17 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
18 hereby authorized to be appropriated each year a certain por-
19 tion of the Fund to the United States Peace Tax Fund Board
20 of Trustees for obligation and expenditure in accordance with
21 the provisions of this Act. Such portion is equal to an amount
22 which is the sum of—

23 (1) the product of—

1 (A) all funds transferred to the Fund in each
2 fiscal year, times

3 (B) the percentage determined under subsec-
4 tion (a) for such fiscal year, plus

5 (2) all funds in the Fund previously authorized to
6 be appropriated to the Board of Trustees but not yet
7 appropriated pursuant to this Act.

8 Funds remaining in the Fund shall accrue interest according
9 to the prevailing rate in long-term Government bonds.

10 (c) SURPLUS COVERED INTO GENERAL FUND.—The
11 remaining portion of the Fund after the application of subsec-
12 tion (b) is hereby covered into the general fund of the Treas-
13 ury of the United States. No part of the funds transferred to
14 the general fund under this subsection shall be appropriated
15 for any expenditures, or otherwise obligated, for a military
16 purpose.

17 SEC. 8. BOARD OF TRUSTEES.

18 (a) ESTABLISHMENT OF BOARD.—There is established
19 a United States Peace Tax Fund Board of Trustees (herein-
20 after referred to as the "Board") which shall be composed of
21 eleven members appointed as follows:

22 (1) nine members, not more than five from the
23 same political party, appointed by the President, by
24 and with the advice and consent of the Senate, from
25 among individuals who have demonstrated a consistent

1 commitment to world peace, international friendship,
2 and the peaceful resolution of international conflict; and

3 (2) two members, who shall also meet the above
4 criteria, one of whom shall be appointed by the Presi-
5 dent pro tempore of the Senate, upon the recommenda-
6 tions of the Majority Leader and the Minority Leader,
7 from among the Members of the Senate, and one of
8 whom shall be appointed by the Speaker of the House
9 of Representatives, upon the recommendations of the
10 Majority Leader and the Minority Leader, from among
11 the Members of the House, and both of whom shall
12 serve ex officio.

13 (b) **TERMS OF OFFICE.**—The term of office of each
14 member of the Board shall be six years, except that the term
15 of office for four members initially appointed under subsection
16 (a)(1) shall be three years. Members may serve until succes-
17 sors are appointed, except that if any member appointed
18 under subsection (a)(2) ceases to serve as a Member of Con-
19 gress, the term of office on the Board shall terminate at the
20 time such member ceases to serve as a Member of Congress.
21 Each member shall be eligible for reappointment for one ad-
22 ditional term, but no person shall serve for more than twelve
23 years as a member of the Board. Six members of the Board
24 shall constitute a quorum.

1 (c) FILLING OF VACANCIES.—Any vacancy in the
2 membership of the Board shall not affect the Board's powers
3 and shall be filled in the same manner in which the original
4 appointment was made, subject to the same limitation with
5 respect to party affiliation. The term of office of any person
6 appointed to fulfill the unexpired term of a member shall con-
7 sist of the unexpired portion of such member's term.

8 (d) CHAIRMAN.—The Board shall elect a Chairman
9 from among the members of the Board.

10 SEC. 9. DUTIES OF THE BOARD.

11 (a) PAYMENTS.—The Board may make payments as au-
12 thorized in advance by appropriation Acts, by way of grant,
13 loan, or other arrangement, under such conditions and upon
14 such terms as the Board considers necessary.

15 (b) RESEARCH FUNDS; NONDOMESTIC PROGRAMS.—
16 Funds designated for the purpose of research may be directed
17 to governmental or nongovernmental, national, or interna-
18 tional organizations. Funds for nondomestic programs involv-
19 ing the providing of goods and services shall be restricted in
20 distribution to the United Nations and associated agencies.

21 (c) ELIGIBLE ACTIVITIES.—Activities eligible to re-
22 ceive funds from the Board shall include but not be limited to:

23 (1) retraining workers displaced by conversion
24 from military production or activities;

1 (2) research directed toward developing and eval-
2 uating nonmilitary and nonviolent solutions to interna-
3 tional conflict;

4 (3) disarmament efforts;

5 (4) special projects of the United States Institute
6 of Peace;

7 (5) international exchanges for peaceful purposes;

8 (6) improvement of international health, education,
9 and welfare; and

10 (7) programs for providing information to and edu-
11 cation of the public concerning such activities.

12 (d) APPLICATIONS.—The Board shall publish regula-
13 tions for the submission of applications for funds by persons
14 and agencies, and shall determine the eligibility of such per-
15 sons and agencies to receive payments or loans. Before ap-
16 proving the application of any such person or agency the
17 Board shall determine, after a comprehensive review of all
18 the functions and activities of the person or agency request-
19 ing approval, that such functions and activities have a non-
20 military purpose.

21 (e) SUBMISSION OF BUDGET.—The Board shall submit
22 a budget to the Congress, shall report to the President and to
23 the Congress annually on the activities of the Board, and
24 shall provide a complete accounting of all funds received and
25 disbursed pursuant to this Act.

1 (f) DISPLACEMENT OF OTHER FUNDS.—It is the intent
2 of this Act that the Fund shall not operate to release funds
3 for military expenditures which, were it not for the existence
4 of the Fund, would otherwise have been appropriated for
5 nonmilitary expenditures.

6 SEC. 10. SUBMISSION OF BUDGET.

7 Notwithstanding any other provision of law, the Comp-
8 troller General shall carry out the activities and review of the
9 Board which would be carried out by the Office of Manage-
10 ment and Budget if the Board were an agency within the
11 executive branch of the Government; and may establish such
12 requirements as the Comptroller General deems necessary to
13 carry out this section. The Office of Management and Budget
14 shall not have jurisdiction over the Board. The Board shall
15 submit a budget, requests for appropriations, and related re-
16 ports to the Congress in accordance with such requirements
17 and procedures as the Comptroller General may establish.

18 SEC. 11. POWERS AND ADMINISTRATIVE PROVISIONS.

19 (a) COOPERATION OF OTHER AGENCIES.—Each de-
20 partment, agency, and instrumentality of the Federal Gov-
21 ernment, including independent agencies, is authorized and
22 directed to cooperate with and furnish to the Board, to the
23 extent permitted by law, upon request made by the Chair-
24 man, such information as the Board may require to fulfill its
25 duties under this Act.

1 (b) EXECUTIVE DIRECTOR; EXPERTS AND CONSULT-
2 ANTS.—Subject to such regulations as the Board may adopt,
3 the Chairman may—

4 (1) appoint and fix the compensation of an Execu-
5 tive Director and such additional staff personnel as the
6 Chairman deems necessary; and

7 (2) procure temporary and intermittent services to
8 the same extent as authorized by section 3109 of title
9 5, United States Code.

10 (c) COMPENSATION.—Members of the Board shall be
11 compensated on a per diem basis at the maximum rate per-
12 mitted by law under the General Schedule for Government
13 employees or consultants and shall be reimbursed for travel
14 and subsistence expenses incurred in the performance of
15 Board duties, subject to amounts provided in appropriation
16 Acts for the purpose of paying per diem, travel and transpor-
17 tation expenses, and subsistence under subchapter I of chap-
18 ter 57 of title 5, United States Code.

19 SEC. 12. DEFINITIONS.

20 For the purposes of this Act—

21 (1) The term “military purpose” means any activ-
22 ity or program conducted, administered, or sponsored
23 by an agency of the Government which affects an aug-
24 mentation of military forces, defensive and offensive in-

1 telligence activities, or enhances the capability of any
2 person or nation to wage war.

3 (2) The term "actual appropriations made for a
4 military purpose" includes but is not limited to
5 amounts appropriated by the United States in connec-
6 tion with—

7 (A) the Department of Defense;

8 (B) the Central Intelligence Agency;

9 (C) the National Security Council;

10 (D) the Selective Service System;

11 (E) activities of the Department of Energy
12 that have a military purpose;

13 (F) activities of the National Aeronautics and
14 Space Administration that have a military
15 purpose;

16 (G) foreign military aid, and foreign econom-
17 ic aid made available to any country for the pur-
18 pose of releasing local funds for military activities;
19 and

20 (H) the training, supplying, or maintaining of
21 military personnel, or the manufacture, construc-
22 tion, maintenance, or development of military
23 weapons, installations, or strategies.

24 (3) The term "agency" means each authority of
25 the Government of the United States, whether or not

1 it is within or subject to review by another agency, but
2 does not include—

3 (A) the Congress; or

4 (B) the courts of the United States.

5 (4) The term “person” includes an individual,
6 partnership, corporation, association, or public or pri-
7 vate organization other than an agency.

8 **SEC. 13. SEPARABILITY.**

9 If any section, subsection, or other provision of this Act
10 or the application thereof to any person or circumstance is
11 held invalid, the remainder of this Act and the application of
12 such section, subsection, or other provision to other persons
13 or circumstances shall not be affected thereby.

○